

CR resp.

Air Transport Association

James E. Landry

President

(QA-2025)

September 20, 1994

OST-95-232-3

Honorable Federico F. Peña
Secretary of Transportation
Department of Transportation
400 Seventh Street, S.W.
Washington, D.C. 20590

Re: International Air Transport Association: Agreement Relating to Liability
Limitations of the Warsaw Convention; Application for Approval of, and
Antitrust Immunity for Discussion Authority: Docket No. 49152

Dear Secretary Peña:

On behalf of the member airlines of the Air Transport Association, I am writing to express our support for, and to request prompt approval of, the application filed by the International Air Transport Association in the above-captioned docket. That application, which is unopposed, requests approval for intercarrier discussions to increase airlines' limits of liability under the Warsaw Convention.

The Air Transport Association and its member airlines strongly support recent efforts undertaken under the direction of the White House to secure reform of the liability rules established by the Warsaw Convention for international air transportation. Prompt ratification by the United States of the Montreal Protocols to the Warsaw Convention is of vital importance to our airlines, with respect to the transportation of both passengers and cargo. Nevertheless, the passenger liability limits of both the original Warsaw Convention, which were last addressed in 1966, and those of Montreal Protocol No. 3 to the Convention, which were set in 1975, have become dated.

The International Air Transport Association requested approval by the Department of Transportation to discuss the limits and conditions of passenger liability established by the Warsaw Convention. As described in the application, other governments have already taken action to encourage carriers to increase these limits, to amounts substantially in excess of those established in 1966 and 1975.


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The Montreal Protocols to the Warsaw Convention provide important benefits for both the travelling public and the shippers of air cargo. However, the passenger limitations of liability established in the original Convention and each of its amending instruments are now so dated that they no longer can be considered a relevant factor in the effort to modernize the treaties. Airlines therefore should be permitted to engage in discussions to take appropriate and lawful action to increase these limitations to at least restore the real economic value of the liabilities established by the different instruments of the treaty. If successful, this would resolve current difficulties with respect to the pending ratification of the Protocols by the United States, and their ultimate entry into force.

In our view, therefore, it is in the public interest for the Department to approve promptly IATA's application for discussion authority. The airlines are in a unique position to assist the Administration in its commendable initiative to reform the Warsaw Convention through ratification of the Montreal Protocols. DOT action in this docket is now necessary to conclude that initiative successfully.

Sincerely,


James E. Landry
President

cc: DOCKET SECTION ✓

Corresp.

THE AMERICAN ASSOCIATION FOR FAMILIES OF KAL 007 VICTIMS
P.O.Box 8189 - New York, N.Y., 10116-8189 - (201) 825-1124
Fax: (201) 652-4436

September 20, 1994

D. 49152

Mr. Secretary:

We urge you to approve the application of "The International Air Transport Association" of September 23, 1993 - Docket # 49152, requesting Discussion Authority (and Antitrust Immunity) to increase the liability limits under CAB Agreement 18900, of May 13, 1966.

The increase in international air liability is an important factor in the ongoing discussions of our present work group, meeting under the joint chairmanship of yourself and Robert S. Rubin, Chairman of the National Economic Council.

There seems to be no dispute that the \$75,000 limit, set in 1966 under the "Special Contract" provision of the "Warsaw Convention" for all flights from and to the United States needs to be updated. Such change is not possible without your approval.

The authority which led to the inter-airline agreement CAB 18900 in 1966 is still existing today. Recently, the Department of Transportation allowed the air carriers of Japan to update unilaterally their liability by "Special Contract" (DOT order #92-12-43 and 93-2-30).

Our country is not the only one in finding the existing Warsaw limits insufficient. Recently, the European Community (ECAC) recommended to update the international air liability within their group of countries by "Special Contract" to SDR 250,000 **or higher** - with the ultimate aim to incorporate the higher amounts into "The Montreal Aviation Protcols Nos 3 and 4".

An increase of the CAB 18900 liability of \$75,000 for the United States would make the "Supplemental Compensation Plan", we are discussing now, what it should be: **supplemental**. It would address most of the concerns of those who still have misgivings with the present system.

At the same time this initiative would restore the leadership of the United States in the field of international air liability and reinforce our position in the international aviation field.

Your early approval of the application of the "International Air Transportation Association" would also be an important step forward towards implementing the Presidents Aviation Initiative.

Your early decision is essential, and would be appreciated.

Respectfully,

Hans Ephraimson
Hans Ephraimson-Abt
Chairman

The Honorable Federico Peña,
Secretary of Transportation
Washington, D.C.

Fax #: (202) 366-7202

ACTION
is assigned to

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